

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)
)
CORAM RESOURCES NETWORK, INC.,)
and CORAM INDEPENDENT PRACTICE) Case No. 99-2889
ASSOCIATION, INC.,) (MFW)
)
Debtors.)

Bankruptcy Courtroom
No. 1, Sixth Floor
Marine Midland Plaza
824 Market Street
Wilmington, Delaware

Thursday, December 21, 2000
1:35 p.m.

BEFORE: THE HONORABLE MARY F. WALRATH,
United States Bankruptcy Judge

-- Transcript of Proceedings --

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1 point with another plan or sale or some other vehicle
2 that I think there is no basis to conclude will result in
3 anything other than creditors getting less and the
4 equityholders still getting nothing.

5 So, Your Honor, if the issue is that
6 somebody did something wrong, and I'm not suggesting
7 that, and I'm certainly not endorsing that view, but if
8 that's the point, there is redress in the courts, but I
9 don't think that the answer is to put this company out of
10 business.

11 Thank you.

12 THE COURT: Well, I'm in a difficult
13 situation. I would like to sidestep my duties, but I
14 think I have to determine in deciding whether to confirm
15 this plan under 1129(a)(3). I must conclude that it is
16 proposed in good faith and that the plan proponents have
17 acted in good faith. I just do not want to be in a
18 position to conclude on this record that that is so. I
19 cannot conclude on this record that that is so.

20 I think that the contractual relationship
21 between Cerberus and the CEO, Mr. Crowley, did taint the
22 process, and I think that, if anything, the ultimate
23 fairness of the process in bankruptcy is a paramount
24 principle to be protected by the Bankruptcy Court.

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1 Maybe we would be at the same place today
2 if that contractual relationship had not been there. If
3 it had been disclosed to all parties, but I don't know
4 that and I don't think anybody will know that.

5 We are at a terrible place. The Equity
6 Committee, even on its numbers, which I agree with the
7 Creditors' Committee's counsel and their valuation expert
8 and the cross-examination of the Equity Committee expert
9 does point out the questionable nature of that valuation.

10 I think under any of the numbers the
11 company is insolvent today. But I don't think I can
12 confirm a plan based on that fact because I think that
13 because of the process being tainted by this relationship
14 which began in November of 1999, and perhaps in August of
15 1999, has so tainted the debtors' restructuring of its
16 debt, the debtors' negotiations towards a plan, even the
17 debtors' restructuring of its operations.

18 I think on that point I think it is a shame
19 that Mr. Crowley and perhaps Cerberus and the debtor
20 itself is tainted in this manner because I think there is
21 evidence that Mr. Crowley did do a good job operationally
22 in helping the debtor turn around. But I can't conclude
23 that the debtor might not have done even better had there
24 not been this relationship. I don't know. That's the

1 problem. I don't know what would have happened without
2 this actual conflict of interest. I do think it's an
3 actual conflict of interest.

4 I think that the actions of Mr. Crowley to
5 hide the relationship, and I think that EC-20 did show an
6 intent to hide the relationship and to hide his request
7 for additional compensation in Winterland in exchange for
8 his efforts here did at least evidence that he, himself,
9 believed that this relationship should not be disclosed
10 and, therefore, did, in fact, taint his ability to serve
11 as CEO of the debtor.

12 Whether it opens up a Pandora's box or
13 encourages other noteholders or other parties in future
14 bankruptcies to try the same thing, I'm not as concerned
15 about that, but I just do not want my name confirming a
16 plan where this type of activity occurred for a year
17 before the plan was proposed for confirmation. I just
18 cannot conclude that it's proposed in good faith for
19 those reasons.

20 I do not have the ability to suggest a
21 different plan. I do not have the ability to give an
22 exemption from Stark II.

23 So I leave it to the debtor to see where it
24 goes from here for now. I'll look for a form of order if

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1 someone wants to present me with one.

2 MR. MINUTI: We will, Your Honor.

3 THE COURT: We'll stand adjourned.

4 MR. LEVY: Thank you, Your Honor.

5 (The hearing was then concluded at

6 1:35 p.m.)

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1 State of Delaware)
2 County of New Castle)
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4 C E R T I F I C A T E
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6 I, Kathleen E. White, Registered Professional
7 Reporter and Notary Public, do hereby certify that the
8 foregoing record, pages 1 to 91, inclusive, is a true and
9 accurate transcript of my stenographic notes taken on
Thursday, December 21, 2000, in the above-captioned
matter before the Federal Bankruptcy Court.

10 IN WITNESS WHEREOF, I have hereunto set my hand
11 and seal this 24th day of December, 2000, in
New Castle County.

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13 KATHLEEN E. WHITE,
14 Notary Public-Reporter
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